

I would like to start this submission with a story of the “Rat Effect” that occurred in Hanoi, Vietnam in 1900. Vietnam was a French colony then and the government had a massive problem with the population of rats. So, the colonial regime created a bounty program for each rat killed. The outcome of the program... the locals started to breed rats!

Currently, the community pharmacy profession gets paid for every dispensing done or for every bottle of over the counter medication sold. Such incentives reward the quantity but not the quality or efficiency of medical care.

To align the interest of the patients, the community pharmacy profession and the government, we need to find a better way to pay for health care that will deliver superior value to patients.

I would recommend the review panel to consider the following:

1. Continue to gradually reduce the fee for the dispensing for each medication.
2. Shift the budget towards currently executed pharmacy services such as HMR, RMMR, vaccination and smoking cessation via the new “bundled payment” system.
3. Since community pharmacy is one of the most accessible health care place for the public, it should be used as a trial platform to promote and drive “wellbeing”.

While the GPs and hospitals are primarily focused on a “treatment-based” market, community pharmacies are in a unique position to focus on the “wellbeing” market. Essentially, if you have a scale on a patient’s health, a “treatment-based” market is where you bring a patient’s health from negative to zero. In a “wellbeing” market, you are trying to bring patient’s health from zero to positive with the aim of helping people to be happier and healthier.

So, I can envision a community pharmacy being a one-stop place that provides integrated and multidisciplinary wellbeing programs to patients by involving psychologists, nutritionists, personal trainers and even financial planners.

When community pharmacies are being paid to actively drive wellbeing, the long-term benefit will lead to a decrease in chronic illnesses and hospital admissions. We will be aligning payments to the profession with the interest of the people.

Such an idea is not new as demonstrated by the strategic partnership of Western Australia’s Friendlies Pharmacy with HBF Insurance. The tailored 12- Week Health Program by Friendlies is being covered by the insurance to promote wellbeing.

Much needs to be done in the fixing of perverse incentive in community pharmacy but all is not lost due to offshoots that are springing from the profession that will better align payment to the profession with patient's health and well being.

Terence Lim

(Pharmacist and Private Investor)

(Not an owner of Friendlies pharmacy)

Reference:

1. Well being : <https://www.betterhealth.vic.gov.au/health/healthyliving/wellbeing>
2. Friendlies pharmacy 12 week program:
<https://www.friendliespharmacies.com.au/services/12-week-health-program>
3. How to pay for health care: <https://hbr.org/2016/07/how-to-pay-for-health-care>
4. Bundled payments: Their role in Australian primary health care:
https://ahha.asn.au/sites/default/files/docs/policy-issue/bundled_payments_role_in_austrian_primary_health_care_0.pdf
5. Perverse incentive : https://en.wikipedia.org/wiki/Perverse_incentive